

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 985 – HB 1431**

March 21, 2011

**SUMMARY OF BILL:** Increases the franchise and excise tax credit, currently authorized to financial institutions, from 10 to 12 percent of an institution's contributions to the Tennessee Rural Opportunity Fund (TROF) or the Tennessee Small Business Opportunity Fund (TSBOF).

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$420,000**

Assumptions:

- According to the Department of Revenue (DOR), approximately \$1,050,000 of franchise and excise tax credits were issued in FY09-10 as a result of contributions made to the TROF by financial institutions.
- DOR indicates that reliable data concerning franchise and excise tax credits relative to the TSBOF is unavailable at this time. However, the Department indicates that such tax credits are likely to be the equivalent of tax credits issued relative to the TROF in FY09-10. Therefore, the total amount of franchise and excise tax credits that will be issued during FY10-11 is estimated to be approximately \$2,100,000 ( $\$1,050,000 \times 2$ ).
- The sum total of contributions made to the TROF and the TSBOF by financial institutions during FY10-11 is estimated to be \$21,000,000 ( $\$2,100,000 / 10\%$ ).
- Franchise and excise tax credits issued under this bill are estimated to be \$2,520,000 ( $\$21,000,000 \times 12\%$ ) per year.
- The recurring decrease in state revenue will be \$420,000 ( $\$2,520,000 - \$2,100,000$ ).

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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